



# Missouri Department of Natural Resources

## MINUTES MISSOURI SOIL AND WATER DISTRICTS COMMISSION DNR CONFERENCE CENTER JEFFERSON CITY, MISSOURI July 21, 2004

**COMMISSION MEMBERS PRESENT:** John Aylward, Elizabeth Brown, Larry Furbeck, Leon Kreisler, and Philip Luebbering

**EX-OFFICIO MEMBERS:** DEAN THOMAS PAYNE, UNIV. OF MISSOURI: David Baker; JOHN HOSKINS, DEPT. OF CONSERVATION: Brad McCord; PETER HOFHERR, DEPT. OF AGRICULTURE: Judy Grundler; STEPHEN MAHFOOD, DEPT OF NATURAL RESOURCES: Bryan Fawks

**ADVISORY MEMBERS PRESENT: SOIL & WATER CONSERVATION PROGRAM:** Sarah Fast; NRCS: Roger Hansen; MASWCD: Steve Oetting

**STAFF MEMBERS PRESENT:** Niki Aberle, Davin Althoff, Gary Baclesse, Milt Barr, Jim Boschert, April Brandt, Chris Evans, Noland Farmer, John Forsyth, Rose Marie Hopkins, Gina Luebbering, Theresa Mueller, Marcy Oerly, James Plassmeyer, Sara Popp, Josh Poynor, Jeremy Redden, Ron Redden, Kevin Scherr, Judy Stinson, Ken Struempfler, Chris Wieberg, Bill Wilson

**OTHERS PRESENT: DISTRICTS:** BARTON: Ben Reed, BATES: Doug Cox, Al Decker, Brad Powell; CALDWELL: Wendy Bowen; CAPE GIRARDEAU: Stan Murray; CLARK: Henry Heinze; LIVINGSTON: Debbie Gudgell; MONITEAU: Bruce Longan, Carolyn Phillips; RANDOLPH: Shelly Sumpter; STODDARD: Kurt LeBeau, Wally Smith, Jim Stuever; TANEY: Kathryn Braden; **STATE OF MISSOURI: ATTORNEY GENERAL'S OFFICE:** Harry Bozoian; John Randall, Ken Rumelt; **DEPT. OF NATURAL RESOURCES:** Aimee Davenport; **OTHERS:** NRCS: Dwaine Gelnar; MASWCD: Peggy Lemons, Eli Mast; **INDIVIDUALS:** John Carter

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### **A. CALL TO ORDER**

Chairman Elizabeth Brown called the meeting to order at DNR Conference Center in Jefferson City, Missouri, in the Bennett Spring/Roaring River Room at 8.37 a.m.

### **B. MINUTES OF THE LAST MEETING**

Larry Furbeck made a motion to approve the minutes of the May 19, 2004, commission meeting as mailed. John Aylward seconded the motion.

### **C. PLANNING**

#### **1. Fiscal Year (FY) 2005 Budget “Estimate” Authority Update**

Milt Barr presented a review of the fiscal year, revenue summaries, program summaries for FY04, and the start of FY05. Mr. Barr also discussed the projection of the FY06 program budget.

A fiscal year starts on July 1, and ends on June 30. FY04 ended on June 30, 2004 and FY05 began on July 1, 2004.

The budget process uses program and performance based budgeting. This process began in the 70s. The executive branch added strategic planning and priority results in 1993 and 1995. In 2001, the Governor issued Executive Order 01-19 to establish a Performance Improvement concept. In 2003 the General Assembly was required to consider performance measures in budget deliberation, and new programs were to be reviewed every six years under Senate Bill 299.

The budget process starts with the previous year’s core budget as a baseline and any increases are considered new decision items and they must be justified and prioritized so as to stay within the Governor’s executive budget. The executive budget is presented to the General Assembly for it to become a bill. The bill is then reviewed by both the House and the Senate and then the agreed upon is sent back to the Governor for approval and signed into law.

For sales tax revenues, one tenth of one percent of the general sales and use tax is split evenly between the Parks and the Soil and Water Conservation Program as established by the Missouri Constitution. The Department of Revenue collects the taxes. The deposits to the program funds usually reflect the previous 30 or more days. Revenues for FY03 were \$35,947,537 compared to FY04 revenues that totaled \$37,394,824. This was an increase of 4.02 percent, which was better than the projected rate of 2 percent. The total FY04 approved budget for the Soil and Water Conservation Program was \$38,481,186. Mr. Barr then presented the

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slides of the summaries of the expenditures for the Soil and Water Program from the State Accounting System (SAM II). Mr. Barr indicated that the state accounting system summaries might differ slightly with some of the district reporting, due to cut off date differences.

The FY05 budget began on July 1, 2004, with a total of \$38,549,586. The only change to the budget core was a \$1,200 increase for state employee salaries. A difference in the FY05 and beyond is that there will not be re-appropriation authority for operational funding programs such as, SALT, Cost-share, Loan Interest Share Program and Research. The Soil and Water Conservation Program has been authorized to use "estimated" budget line authority in order to manage any additional expenditures in one year caused by the loss of the multi-year re-appropriation authority. This estimated authority has been anticipated in the program budgeting process and will not cause any problems as the same fund and project management concepts will continue to be accomplished with projecting the higher annual requirements with the estimated authority when needed. In FY05 only the Research appropriation is projected to have expenditures exceeding the "estimated" appropriation for the year.

The FY06 projected budget for the Soil and Water Conservation Program is \$38,712,229. This total represents a \$241,043 increase in benefits for district employees. The amount for the benefits may change as specific costs are gathered.

Elizabeth Brown stated that it was amazing the administrative cost had been held down below 4 percent; this indicated good management. Mr. Barr stated the economy environment had helped due to little cost increases and savings from employees based in the region offices travelling less, as well as an across the board conservative effort in almost all planning. Philip Luebbering asked about the computer program and Mr. Barr stated that the actual funds are targeted in the SST fund and division flexible appropriation spending authority has been projected for the special project for FY04 – FY06 depending when the project gets finalized. The division manages flexible authority in the division for programs that have special projects, such as the computer program, so the authority will be used for the one-time project. When asked if the change to the re-appropriation authority would affect the funding of the project, Mr. Barr stated it would not. When asked if the estimate for the computer system had changed, Mr. Barr stated no change as of yet, however, the department had recently conducted a week long retreat to review data integration system processes and some of the software application tools. If the department approves the use of some of the lessor expensive requirements as a result of these meetings, it could reduce the costs of the project. There could be some delays until the final

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decisions are known. In response to a question about the loan interest share, Mr. Barr stated the Loan Interest Share Program is a separate grant program that helps landowners with a share of their interest on loans they take out to purchase soil conservation tools.

### **D. REVIEW/EVALUATION**

#### **1. Land Assistance Section**

##### **a. Special Area Land Treatment (SALT)**

##### **1. Letter of Approval for Animal Waste Systems**

Ken Struempf updated the commission on the use of Letters of Approval (LOA). The commission was informed that LOAs were no longer required for animal waste systems for cost-share through SALT starting June 18, 2004. Instead, these systems must only meet the Standards and Specifications of the Natural Resources Conservation Service (NRCS). Basically, the LOA issued through the department was voluntary on the producer's part. The LOA insured the producer and the creditor that the animal waste facility was going to be built appropriately to lessen the potential for environmental problems after construction and when it became operable. On June 18, 2004, the program office sent the districts a memo indicating that the department would soon stop issuing LOAs for animal waste systems. This was due to the lack of funds for staff to review and issue LOAs.

The memo informed the districts that landowners are eligible to receive SALT cost-share assistance on a waste management system providing the Department of Natural Resources does not require a permit. As a reminder, landowners are required by law to get a permit when there are 1,000 or more animal units or if site-specific conditions warrant a permit.

##### **2. Review of Proposed Nutrient and Waste Utilization Management Practice**

Ken Struempf presented a review of the proposed nutrient and waste utilization policy changes. The SALT program asked for clarification for the Nutrient Management Practice (N590) and the Waste Utilization Practice (N633). Both are incentive practices approved for use in AgNPS SALT projects. Cost for these practices are incurred by the operator, whether or not they sign up for cost-share. The incentive paid is for changes in management to

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reduce the occurrence of nutrients entering the state's waters. They are designed to educate and demonstrate the proper application of crop nutrients.

Staff worked closely with Peter Scharf from University Extension and Ron Miller and Glenn Davis from NRCS in developing practice specifications. The new policies are more stringent. Some of the counties have already been implementing the nutrient and waste utilization practice using the guidance in the current practice specifications. The new practice policies would give all the districts more direction and clear up some of the gray areas. If approved, staff would like for the new practice policies to start September 1, 2004. Applications approved prior to that date would be grandfathered in and paid provided they met current policy and NRCS Standards and Specifications.

Mr. Struempf stated that staff was aware there would be situations where the policy would not be followed entirely and the claim would be denied. At that time, the landowner or district could appeal the decision. If exceptions were made to the policy, the educational value may not be achieved and precedence could be set for more appeals.

Mr. Struempf proceeded to present the new practice specifications that would clear up the gray area between the program and the districts. A copy of the proposed changes was provided to the commission with the changes underlined.

When asked about yield goals on waste utilization, Mr. Struempf stated there was a county average yield goal that can be used, or they can use history of the last five years of crops. Larry Furbeck stated the landowners could validate their own or use county average. Mr. Struempf stated that was correct. When asked about how the use of DAP would affect the total amount of nitrogen, Mr. Struempf stated the landowner or operator is allowed to apply the MAP or DAP Phosphorus providing the plant can utilize the nitrogen. Roger Hansen from NRCS asked what the differences were between what the program was proposing and NRCS Standards and Specifications. Mr. Struempf stated there probably were not a lot of differences; it laid out the policies for districts to utilize. Mr. Struempf stated it would clear up some of the gray areas and put into policy what the commission would expect to

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have as far as nutrient management. When asked if the change would be a policy or a new standard and spec, Mr. Struempf stated it would be commission policy for the practice. Mr. Furbeck asked Mr. Hansen if he saw problems with the proposal, Mr. Hansen stated the general concern was with the state and federal programs available, and all the employees that work technical assistance, the confusion factor is there when changes are made as to what specs apply to what program. Sarah Fast stated the commission has practices that have different requirements than NRCS. When asked what the scope of the dollar amount was for EQIP compared to Soil and Water Conservation Program, Ms. Fast stated they had become more equivalent programs. Ms. Fast also stated that in the past, the Cost-share Program had been the dominant program, now EQIP is funded at almost \$18,000,000 per year, and the Soil and Water Conservation Program's SALT Program the approximate cost is \$7,000,000 per year. When asked how hard it would be to compare the differences between NRCS and SALT Program, Ms. Fast stated that a comparison chart could be provided. Mr. Struempf reiterated the program had worked diligently with the University Extension and Ron Miller and Glenn Davis from NRCS on the recommendations.

Philip Luebbering made a motion to table the issue and have staff bring back a comparison. Larry Furbeck seconded the motion. When asked by the chair, John Aylward, Larry Furbeck, Leon Kreisler, Philip Luebbering, and Elizabeth Brown voted in favor of the motion and the motion carried unanimously.

Elizabeth Brown introduced Bryan Fawks, Deputy Division Director, who was sitting in for Scott Totten, Division Director.

### **3. Review of Proposed Pest Management Practice**

After some discussion, it was the consensus of the commission to table this issue until a comparison between the program and NRCS could be made to see where the differences were.

### **4. Scott County Management Strategy Update**

April Brandt gave an update on the Scott Soil and Water Conservation District (SWCD) North Cut AgNPS SALT Project currently on management strategy. The Missouri Soil and Water

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Districts Commission approved the project on May 22, 2001, and it began on July 1, 2001.

Management strategy is used to identify AgNPS SALT projects that are struggling to meet their goals and objectives and to provide the district with additional assistance to develop an action plan to get the project back on track.

To monitor progress, a schedule has been established to show the optimum and minimum percent progress that should be met throughout the life of the project. Projects less than 18 month are not evaluated in order to provide them with time to get the project up and going. A project is placed on management strategy if it is below the minimum percentage after the first three reporting periods.

On January 8, 2004, the board members informed program staff that they were concerned about completing the goals of the North Cut Project and requested staff attend their February 9, 2004, meeting to discuss their concerns and offer suggestions on how to get the project back on track. Staff attended the February 9, 2004 meeting. Also in February, the SALT technician for the North Cut Project resigned. On March 11, 2004, program staff attended the board meeting and informed the board that they were below the 12 percent minimum needed for the project, which placed them in management strategy. The board was given a rough draft of the goals that needed to be reduced as identified by district staff. It was recommended that the board take the proposed reductions into consideration so the goals could be accomplished. The district board felt the goals may need further reductions, but were concerned with wanting to make sure there was enough personnel funding so the district clerk and technician would not have to take a cut in pay. Program office staff reported the matter would be looked into and information brought back to the next board meeting. The board requested that staff attend the April 8, 2004, meeting to provide any needed guidance and assistance to the district as they developed their action plan to revitalize the North Cut Project.

In a letter dated April 1, 2004, program staff informed the Scott Soil and Water District Board that they were being placed in

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management strategy, the options available to them, as well as concerns and suggestions.

At the May 13, 2004 board meeting, an action plan for the project was presented and discussed. Scott County submitted a board letter and revised goals, long-term budget, and annual budget that were received in the program office June 17, 2004. The letter stated the board had revised the project goals to enable the project to be successful.

According to the letter, some of the goals could not be met due to changes with Farm Bill 2003. Scott County has increased the incentive amount for field borders and buffers, which has resulted in landowners expressing interest in implementing these practices.

The board decided not to rehire a SALT technician, and split the duties between the district clerk and technician, which resulted in a decrease to their personnel amount by \$88,325.79 for the remainder of the project. The district has moved most of that money into cost-share incentives. Scott County also transferred \$20,000 in management carryover, to FY05 cost-share incentives. They felt that by reducing their management funds and transferring those to cost-share incentive funds, the district would be able to achieve the newly revised goals. The amount of reduction to personnel was dependent on how much the goals were reduced and how important the goals were to the project. For example, if they reduced a goal by 50 percent, and it was assigned 20 percent importance to the project, personnel would be reduced by 10 percent. Ms. Brandt reviewed the revised goals with the commission.

Ms. Brandt informed the commission that Scott County put a lot of time and effort in revising their goals and worked closely with program office staff throughout the process. Ms. Brandt stated program office staff is comfortable with the newly revised plan. The Semi-Annual Progress Report showed 16.85 percent progress after being updated with the revised goals. They have completed 787 acres of Irrigation Management, six acres of Field Borders, 12 Grade Stabilization structures, and five Irrigation System Sprinkler systems for this reporting period for an additional 3.51 percent progress, which brings them up to 20.36 percent for this reporting period, with the minimum percent progress needed being 17



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percent. Therefore, the North Cut AgNPS SALT Project was reported to no longer be in management strategy.

### **5. Cape Girardeau Management Strategy Update**

Kevin Scherr presented a report regarding the Cape Girardeau's Hubble Creek AgNPS SALT Project that is in management strategy. A project is placed into management strategy when progress falls below the minimum rate of progress, which the commission set. Management strategy is intended to help districts get back on track in order for their project to be successful. The Hubble Creek AgNPS SALT Project was placed in management strategy after the reporting period of July through December 2003.

The Cape Girardeau SWCD's Hubble Creek AgNPS SALT Project started in July of 2001. In December of 2003 the project completed their fifth semi-annual reporting period and by February 15, 2004, their last Semi-Annual Progress Report was due, but was not submitted until April 21. The review of the report indicated that the project was falling behind in their goals; therefore the project was placed in management strategy.

After the past report, the project had reached 11.4 percent of the 15 percent needed for the time period.

After meeting with program staff the district will submit a revised plan to be reviewed by program staff and taken under consideration. The next Semi-Annual Progress Report will be due on August 15 and if it is still behind, the project will stay in management strategy. At that time, the district will only have one more six-month period to show adequate progress toward its goals, otherwise it will be cancelled according to commission policy.

Mr. Scherr reminded the commission of the Stone SWCD, Spring Creek Project that was cancelled in the spring after failing to meet its progress goals.

Mr. Scherr stated that after the Cape Girardeau SWCD submits a revised watershed plan for the Hubble Creek Project, the commission would be informed of the changes to the plan at the September meeting.

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### **b. Cost-share**

#### **1. Monthly Cost-share Usage and Fund Status Report**

Noland Farmer reported that districts were allocated approximately \$23,900,000 for use during FY04. It was projected that the districts would only claim \$20,000,000 of the allocation. This projection was based on trends of previous years.

Mr. Farmer stated that in June and early July the program received \$5,600,000 in claims. As of July 15, \$19,600,000 in claims had been processed, which is \$400,000 short of the projection. In FY03 the districts claimed \$20,700,000, FY02 \$21,800,000, FY01 \$17,400,000, FY00 \$19,000,000, and in FY99 \$14,500,000 was claimed.

The commission was informed that staff would present a comprehensive FY04 cost-share usage report and an evaluation of the practices completed at a meeting in the fall.

Mr. Farmer stated that the districts were given \$19,900,000 as an initial allocation for use on regular cost-share practices for FY05, which was the same amount the districts received initially in FY04.

#### **2. A Brief Status Report on the Proposed Terrace Research Project**

Ron Redden presented a report on the proposed terrace research project. The commission in the past had discussions on terrace designs and asked if a research project would assist them in some of the commission's concerns. On June 19, 2004, Mr. Redden met with David Baker from the University of Missouri and several others from the university, as well as Dick Purcell from NRCS. It was decided that the research team would come up with a pre-proposal for the commission and if the commission felt the research team was heading in the right direction, they would return to the commission with a full proposal that would go into more detail on the proposed budget and time frame. The pre-proposal referenced some of the concerns that had been discussed at previous commission meetings, such as farmability and the ease to use farm equipment on terraces, which is caused by an increase in the size of farm equipment.

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Philip Luebbering asked if there would be any numbers available for the number of hours it would take to make each individual terrace, not just the size, but the number of hours a dozer would work to create the terraces. When asked what the length of the project was, Mr. Redden stated about two years. John Aylward stated that in the county he is from they do very few contour terraces. Mr. Aylward also stated there is a need for a black dirt provision. Larry Furbeck stated there is a difference in the ability of the personnel to design a good system, so with software you could make changes before the terraces are made. Mr. Hansen stated the whole issue of having farmable terraces is a compromise between farmability and erosion control. His concern in regard to a model is that it has to be useful with the existing equipment and staff who are out in the districts. When asked if there was assistance for the extra expense for a parallel verses a contour, Mr. Redden stated the program does cost-share on them.

Philip Luebbering made a motion for the research team to bring a proposal to the commission. John Aylward seconded the motion. When asked by the chair, John Aylward, Larry Furbeck, Leon Kreisler, Philip Luebbering, and Elizabeth Brown voted in favor of the motion and the motion carried unanimously.

### **2. District Assistance Section**

#### **a. Review of District Employee Benefit Grant Policies**

Jim Boschert presented a review of the District Employee Benefit Grant policies. Currently districts are allowed three different options for paying health insurance. First is the district paying the insurance directly; second the district can pay an employee's spouse's employer for coverage for the district employee; and third is paying the employee directly for individual coverage.

All three of the above options are used to pay for insurance coverage. Paying the insurance company direct is the one used most by the districts when paying Missouri Consolidated or Bluecross/Blueshield. Paying the employee direct is used for employees that have Medicare as their primary insurance and by retired NRCS employees that work for the district. This is also used for employees where the board chose not to have their employees involved in a group health plan.

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Peggy Lemons stated the Benefit Committee met on May 12, 2004, to discuss the current policy of reimbursement directly to district employees for individual policies and premiums withheld from retirement checks.

The committee's goal is to recommend options that provide the most security to districts, along with their current and future employees. When districts reimburse the employee for health insurance this could be considered a taxable wage and it does not provide security to districts to provide health care for future employees. Due to this fact, the committee recommended the discontinuance of the policy for reimbursement directly to employees. The committee wanted the commission to set a deadline for those districts that reimburse employees for individual policies, to take coverage through Missouri Consolidated; seek out a group policy for the district; or find a carrier that would accept a check directly from the district. The committee recommended finding a carrier that would accept a check from the district. By doing this, the districts would be able to provide coverage for new and current employees.

Since most health insurance companies have open enrollment in the fall, the committee suggested districts affected by the policy start seeking other options this fall if the commission changed the current policy. Ms. Lemons stated the committee was concerned there could be legal issues districts could be getting into that they are unaware of.

When asked if the committee had tried to get an opinion letter from the IRS, Ms. Lemons stated she did not know how many contacts had been made, but they received a different answer each time. When asked what the committee recommended, Ms. Lemons stated a group policy, so a new employee could have coverage. In response to a question about still basing the funding on the lowest premium offered by Missouri Consolidated, Mr. Boschert answered yes, that would not change. When asked if this was a matter of course, would it be assumed people would migrate toward Missouri Consolidated out of pure economics, Mr. Boschert answered it had a lot to do with providers in the areas. When asked if providers were not participating in Missouri Consolidated, Mr. Boschert answered that was correct. He also stated some employees go with BlueCross/BlueShield because their doctors are available through them and in some cases BlueCross/BlueShield is cheaper than Missouri Consolidated.

Larry Furbeck made a motion to approve the committee's recommendation effective January 1, 2005. Philip Luebbering seconded

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the motion. Bryan Fawks asked for clarification on the recommendation. Mr. Boschert stated the recommendation was for the option of paying employees directly be taken away from the districts, but for those employees that currently receive direct payment for coverage would be grandfathered in. When asked by the chair, John Aylward, Larry Furbeck, Leon Kreisler, Philip Luebbering, and Elizabeth Brown voted in favor of the motion and the motion carried unanimously.

### **E. APPEALS**

#### **1. Special Area Land Treatment (SALT)**

##### **a. Bates SWCD – Nutrient Management and Pest Management Claims**

Davin Althoff presented an appeal from the Bates SWCD to reconsider various Nutrient Management (N590) and Pest Management (N595) claims.

Mr. Althoff stated staff had noticed several concerns when reviewing the documentation submitted with various N590 and N595 claims. Many of the N590 claims were accompanied with documentation which identified no nutrient application when the soil test recommendation indicated a significant need for nutrients. Several of the N595 claims were submitted with documentation which indicated no chemical application was applied because of either dry weather preventing operators from planting double crop soybeans or disking wheat stubble in late fall to control weeds and grasses. As a result these nutrient and pest management plans were brought to the commission for consideration at the May 19, 2004 meeting, and the commission denied payment of the claims.

The Bates SWCD submitted a letter on June 29, 2004, and another letter on July 7, 2004, requesting reconsideration of several N590 and N595 claims that were denied by the commission. The letter from the district stated that the operators received payment in the past for complying with the same standards; however, program staff did not request the documentation in the form of check sheets at that time. Staff began to request the check sheets for these practices beginning June 10, 2002. Since requesting the check sheets for documentation, staff has discovered many cases where the nutrient and pest management plans have not met the commission's intent of the practices.

Bates SWCD requested reconsideration for 14 N590 and N595 claims for a total of \$9,401. There was one claim sent back on July 12, 2004 and it would be included in the commission's decision. The documentation on

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that particular claim indicated that the soil test was new and the nutrient recommendations for soybeans on two fields were above 85 lbs. for Phosphorus and above 60 lbs. for Potassium, but no nutrients were applied to either field.

According to Brad Powell, SALT Manager from Bates SWCD, when the pilot project started no one was aware of what the limits or boundaries were. The application process had been streamlined, practice lists were restricted, and funding had been restricted to allow for more projects. The claims that Bates SWCD was appealing met NRCS Standards and Specifications, which according to the SALT Handbook, NRCS and MDC are the technical agencies. The check sheets that were created for N590s and N595s are tools to help with practice certification. Their belief is that some of the information on the check sheets is not a complete picture of what is done. Mr. Powell stated, in regard to the N590, they were never under the impression that fertilizer or nutrients had to be applied and at no time did they believe fertilizers or nutrients had to be applied up to soil test, and this was never conveyed to the cooperators. Mr. Powell pointed out some of the claims are for fields next to creeks. In regard to the N595s, Mr. Powell stated he did not believe the landowners were not following their management plans. He also stated that when they talk to the landowners, they discuss not only chemical application but also cultural and biological methods of treating the crop fields.

Philip Luebbering stated his concern was if you leave out part of the their plan, where do you draw the line on what you can and cannot leave off and still receive payment. Mr. Powell stated it was never specified you had to apply fertilizer or you had to apply chemicals. When asked about how you justify the need for fertilizer application and none is done, according the Mr. Powell they see the soil test as a tool to use to make sure the operator was not over applying. Steve Oetting stated they had done N595 a few years ago and the emphasis in N595 was not to use a chemical if there was no need for it. Harry Bozoian's concern was that state money was being paid for nothing to be done. He also stated the commission would have a hard time justifying paying for a part of a pest management when no pest management was applied to the field. He also stated, for the N590, it either be applied or not, if not, there would need to be some justification for the use of state money. Mr. Oetting asked if the payments were based on a per acre basis, Mr. Powell stated they were. Mr. Oetting stated the payment did not cover the cost of the pesticide or fertilizer, Mr. Powell stated it was a flat incentive. Mr. Oetting stated the incentive was to just use it if it is needed in precision agriculture. Mr.

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Luebbering stated the key to N590 is managing the nutrients that are put on or taken off, fertilizer or animal waste is the key part of a N590 plan. Mr. Powell agreed with the statement. Mr. Bozoian asked if the incentive on pest control was not to apply pesticide or was the incentive to do certain test or procedures to determine if there was a need to apply, the answer he was given was yes. According to Mr. Althoff, when reviewing the check sheets for fescue rotation as a example, the yield goal per acre maybe three tons of hay, however in previous years the producer may have only 1.5 tons per acre yield, but on the check sheets the nutrient removal should have been recorded and staff would be able to determine whether excess nutrients were left from the previous year. On these check sheets the documentation of the nutrient removal was not there. Mr. Althoff stated in regard to N595, when reviewing check sheets on wheat ground where double crop soybeans were not planted due to dry weather, the farmer went in and disked the wheat stubble at that time. In the spring the farmer would plant corn or soybeans where he would probably have applied chemicals to control pests. When asked if the check sheets required fertilizer be applied or followed, Sarah Fast stated that was what the commission was reviewing with the new policies, which were presented earlier to the commission. Mr. Althoff stated this was why the policy clarifications were being brought to the commission. According to Ms. Fast, NRCS Standards and Specifications do not require a minimum be applied. Mr. Althoff stated the check sheet requirement was started on June 10, 2002, and the program was just starting to see them come in to be reviewed. John Aylward stated his concern was when fertilizer was required but none applied.

Failing to receive a motion, it was the consensus of the commission to maintain current policy.

### **2. Cost-share**

#### **a. Jasper SWCD – Two Exceptions to the Commission’s Four-Consecutive Year Policy on the DSP-3**

Marcy Oerly requested the commission hear all the reports before voting on the alternatives, since the issues were similar in each of the appeals and one request, but each report would have to be voted on separately.

Marcy Oerly presented appeals from Jasper, Clark, and a request from Wright SWCD asking the commission for an exemption to the Planned Grazing System (DSP-3) policy concerning the four-year participation limitation.

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Commission policy states that the \$9,000 DSP-3 maximum can be obtained through multiple applications over a four-consecutive year period. Multiple applications can be for the same farms and fields or for different farms and fields. The four-consecutive year period starts when the board approves the initial claim, the last application must be approved within the four-year period.

Ms. Oerly reminded the commission that at the last meeting there was an appeal asking the commission to provide a variance to the policy because the four-year participation time frame had expired. It was the commission's decision to maintain current policy. There were three other requests at the January 2003 commission meeting that were also denied.

Ms. Oerly reiterated that the DSP-3 practice is exempt from the excessive erosion requirement. Since it was a demonstration practice, restrictions were set so that it met the demonstration criteria. Some of the restrictions are money and time, as well as grazing school and soil fertility requirements. Ms. Oerly stated that the commission felt the four-year limitation was necessary in order to qualify the DSP-3 as a demonstration practice. After the four year period, the benefits both economically, as well as the environmental should be realized and an incentive would not be needed for additional acres.

There were two appeals from the Jasper SWCD. In a letter dated June 30, 2004, from the Jasper SWCD they explained that Newton SWCD approved a DSP-3 claim for a Mr. Larry McDonald in June of 1997 and a Planned Grazing System with a well (DSP-333) in October 2003. The board assumed that it was a new practice and neglected to find out that it was tied in with the DSP-3 in Newton County because the property was in Jasper County with another landowner as co-owner on the property. The board did not feel it was the fault of the landowner, but possibly a misunderstanding of the state Cost-share rules. Mr. McDonald's cost-share claim total was \$3,259.26.

Ms. Oerly presented another appeal from Jasper SWCD for an exemption to the Planned Grazing System (DSP-3) policy concerning the four-year participation limitation.

In a letter dated July 7, 2004, the Jasper SWCD approved a DSP-3 claim in June of 1999 for a Mr. Mark Robinson. An additional DSP-3 claim was approved in May of 2002 for Mr. Robinson and he applied for an



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additional DSP-3 practice on August 27, 2003, which was two months past the four-year participation limit. The letter also stated that Mr. Robinson was in an accident in the spring of 2003, which prevented him from signing up by the June 15, 2003 deadline. Mr. Robinson's cost-share claim total was \$4,229.78.

**b. Clark SWCD – Exception to the Commission's Four-Consecutive Year Policy on the DSP-3**

Marcy Oerly presented an appeal from the Clark SWCD for an exemption to the Planned Grazing System (DSP-3) policy concerning the four-year participation limitation.

In a letter dated June 21, 2004, the Clark Board of Supervisors explained that in September of 1997 they approved a DSP-3 claim for Mr. Sam Wheeler. The letter also stated Mr. Wheeler had participated in various other state and federal cost-share practices and programs. Also in the letter, Dwight Snead, the NRCS Resource Conservationist for the Clark County Field Office, explained that the policies for the different state and federal programs are overwhelming. He also stated that Mr. Wheeler is an outstanding cooperator and wanted to use the DSP-3 practice to improve his grass management. The board did not feel that it was the fault of the landowner, but an oversight of the policy. Mr. Wheeler's cost-share claim total was \$3,993.85.

Marcy Oerly presented a request from the Wright SWCD for an exception to the commission's DSP-3 four-year participation limit.

In a letter dated July 15, 2004, the Wright Board of Supervisors requested an exception to the DSP-3 policy. In June of 2000, Mr. Kenneth Lebahn's claim for his first DSP-3 was approved. In August 2003 the landowner returned to the district office and talked about expanding this grazing system to additional fields. Due to the transfer of the NRCS Grassland Specialist, no follow-up was done with Mr. Lebahn. In March of 2004 Mr. Lebahn returned to the office to check on the status of his DSP-3 application and he was informed the district did not have the funds to approve his cost-share application at that time. In April of 2004 additional cost-share funds were received and Mr. Lebahn was called, but there was no answer. On July 7, 2004, Mr. Lebahn called the district office to check on cost-share availability and it was at that time the district manager noticed that the DSP-3 four-year participation limit had expired in June.

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Henry Heinze, Chairman of the Clark SWCD, spoke concerning the Clark SWCD appeal. Mr. Heinze stated he was aware of the four-year limit, but an error was made. The district was aware of the limit, but they did not think it had been that long since the first one. He stated there was no attempt to get around the limit, it was just an error since this practice is not one that is used a lot in the district. When asked why the practice is called a demonstration with a four-year limitation, Sarah Fast stated that in the rule it is defined as a demonstration practice. Part of defining a demonstration practice in the commission's opinion had to include a time limit on it, the four years was a commission decision. Leon Kreisler stated he thought if it was accomplishing the commission's goal, why have a limit when some of the operators do not have the time or the funds to complete the practice in the time limit. Harry Bozoian stated if there was no time limit, would it be a demonstration practice or a practice that is not an exception to the soil loss rule. In response to a statement about "T", Mr. Bozoian stated the commission would have to look at the "T" factor-setting limit. Larry Furbeck stated the commission did not have a good way to measure water quality, such as a model that would give a value to water quality. John Aylward stated that as far as he was concerned, as long as the practice was on the ground, he did not have a problem with it. Elizabeth Brown's concern was if approved, would it be opening up the door for other appeals. Mr. Furbeck reminded the commission that at the last meeting a request was denied because of the limit.

Leon Kreisler made a motion to approve the Jasper board's request for Mr. McDonald. Philip Luebbering seconded the motion. When polled, John Aylward, Larry Furbeck, Leon Kreisler, Philip Luebbering, and Elizabeth Brown voted in favor of the motion and the motion carried unanimously.

Philip Luebbering made a motion to approve the Jasper board's request for Mr. Robinson. Leon Kreisler seconded the motion. When asked by the chair, John Aylward, Larry Furbeck, Leon Kreisler, Philip Luebbering, and Elizabeth Brown voted in favor of the motion and the motion carried unanimously.

John Aylward made a motion to approve the Clark board's request for Mr. Wheeler. Philip Luebbering seconded the motion. When asked by the chair, John Aylward, Larry Furbeck, Leon Kreisler, Philip Luebbering, and Elizabeth Brown voted in favor of the motion and the motion carried unanimously.

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Philip Luebbering made a motion to deny the Wright board's request for Mr. Lebahn. Larry Furbeck seconded the motion. When polled, John Aylward, Larry Furbeck, Leon Kreisler, Philip Luebbering voted in favor of the motion and Elizabeth Brown voted against the motion. The motion passed four votes in favor and one against.

Larry Furbeck stated he would like for the commission to review the Platte request that was denied at the last commission meeting. Elizabeth Brown stated she had received a request from Leon Kreisler to review the four-year limitation. It was a consensus to review the Platte request. When asked if it was a consensus to review the four-year policy, Ms. Brown stated she liked the four-year limit. Mr. Bozoian stated that since it is a rule, there would have to be a redefinition. Mr. Furbeck stated he would like to review the modeling for water quality, then look at the limit. Leon Kreisler withdrew his request to review the four-year limit.

**c. Hickory SWCD – Exception to the Commission's 80-Acre and Four-Consecutive Year Policies on the DSP-2**

Joyce Luebbering presented an appeal from the Hickory SWCD requesting the commission provide cost-share assistance on a Permanent Vegetative Cover Enhancement (DSP-2) Practice, when the landowner exceeded the 80-acre maximum limit and the four-year consecutive policy.

A DSP-2 is a demonstration practice to show the effects of introducing legumes by no-till and is only eligible on land where there is no excessive soil loss. Since it is a demonstration practice, the commission established an 80-acre limit and a four-year consecutive policy with the intent the landowner would want to continue beyond that at his own expense.

State cost-share policy states, "Cost-share is authorized under this practice for a maximum of 80 acres per landowner for all farms owned by the landowner. The total 80 acres must be certified complete by NRCS four years from the day the board approved the initial claim".

On April 25, 1995, a claim for 32 acres for Mr. Dennis Wallace was approved. According to a letter dated June 22, 2004, from the board, Mr. Wallace was asked if he had completed a DSP-2 and he stated he was not aware of having completed any. After checking with the county that Mr. Wallace had moved from and being told that he had never completed a DSP-2, the technician completed the fieldwork and applications for the landowner. In following up with the Benton SWCD, program staff was told they still had a cost-share claim and records on file with a

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conservation plan for a particular field that received DSP-2 assistance for Mr. Wallace.

While processing the claims for the 79 acres, program staff learned that Mr. Wallace had previously participated in a DSP-2 practice in 1995. Because of the practice completed in 1995, the 80-acre limit was exceeded and it voided Mr. Wallace's current claims, as they were not completed within the four consecutive year limit.

Philip Luebbering made a motion to approve the board's request and allow payment on all 79 acres approved in claims - 0058 and - 0059. John Aylward seconded the motion. When asked by the chair John Aylward, Larry Furbeck, Leon Kreisler, Philip Luebbering, and Elizabeth Brown voted in favor of the motion and the motion carried unanimously.

Elizabeth Brown informed the commission that the State Envirothon winners were going to present their presentation. Judy Stinson, Co-chair of the Missouri Envirothon, introduced the St. Charles West High School team members; they were Liz, Dana, Catie, Kaitlyn, and their advisor Russ Barton. Ms. Stinson stated one of the young ladies had a perfect ACT and SAT score, two are Missouri Scholars, one attended the Conservation Honors Camp, and four of them have 4.0 or higher grade point averages.

### **Presentation by the 2004 State Envirothon Team – St. Charles West High School**

The topic for the competition was Natural Resources in an Urban Environment. Judy Stinson informed the commission that one of the team members was absent. The students gave the same oral presentation to the commission that they had given at the Missouri Envirothon State competition. When asked how much time they spent on the project, the answer was one week to work on it, but approximately nine hours to put it together. Ms. Stinson stated that the Canon Envirothon was scheduled for the week of July 26, 2004, in West Virginia.

Elizabeth Brown went on record as to say that the Department of Natural Resources should provide some monetary help in having the 2005 Canon Envirothon, to be held in Springfield, Missouri. Ms. Brown briefly covered what a group goes through to be approved to host the national competition. Larry Furbeck asked if there were funds somewhere to support the event, Sarah Fast answered there is support for staff to work at the Envirothon and any other cost the committee might identify, such as buses. Ms. Brown reiterated that this is the national and much more support is needed than at the state level. When asked if funds were needed, Ms. Brown stated she would assume that there would be a huge budget. Ms. Fast informed the commission that the program would be glad to do research on it. Mr. Furbeck stated he would move that it be looked in to. When asked if there were any information/education funds that could be used, Ms.

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Fast answered that by statute those funds have to go to the districts. Bryan Fawks stated they would look not only at the Soil and Water Conservation Program, but funding streams within the division.

**d. Platte SWCD – Request for an Exemption to the DSP-3 Four Year Participation Policy**

Marcy Oerly presented an appeal from the Platte SWCD from the May 19, 2004, commission meeting, asking the commission for an exemption to the Planned Grazing System (DSP-3) policy concerning the four-year participation limitation.

A DSP-3 claim from Mr. Terry Breyfogle was received on April 9, 2004, for a heavy use area. Commission policy states that the soil and water conservation districts can cost-share up to \$375 per farm and/or landowner for a heavy use area protection component. This cost-share component should be used when it is necessary to stabilize frequently on intensively used areas that require special treatment to provide protection from erosion, livestock traffic, or other deterioration.

During the review of the claim, it was noted that Mr. Breyfogle had previously participated in the DSP-3 practice. Since Mr. Breyfogle's previous DSP-3 claim was approved in March 1999, which was five years ago, it was outside the four-year participation policy. The district manager did not mention that the initial claim was approved in 1999; if she had, program staff would have informed her that Mr. Breyfogle was ineligible for further DSP-3 cost-share assistance.

In a letter dated April 15, 2004, the Platte SWCD Board of Supervisors explained that program office staff had explained to the district clerk that only previous DSP-3 applicants could sign up for heavy use protection as a single component of the practice. The district clerk interpreted a previous applicant as any person who had formerly participated in the DSP-3 practice, even though it exceeded the four-year participation policy.

When asked if the landowner had already applied the practice, Ms. Oerly stated he had. Larry Furbeck stated he understood that no one asked if this was beyond the four-year limit, so the landowner went ahead with the practice.

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Philip Luebbering made a motion to approve the board's request. John Aylward seconded the motion. When polled, John Aylward, Leon Kreisler, Philip Luebbering, and Elizabeth Brown voted in favor of the motion and Larry Furbeck abstained. The motion passed unanimously.

### **F. REQUESTS**

#### **1. Land Assistance Section**

##### **a. Cost-share**

##### **1. Moniteau SWCD – Practice With Undetermined Start Date**

Ron Redden presented a request from staff in regard to a claim submitted by the Moniteau SWCD where the staff could not determine when the construction actually started. Since the starting date could not be determined to the extent that staff felt they could justify a specific date if question in an audit, it was brought to the commission for consideration since they have the authority to provide a variance.

The commission's rule states that the board cannot approve an application for work already started.

On July 1, 2004, the program received a claim for construction of a waterway that had been approved by the board on February 4, 2004. At that time it was noticed that the contractor's invoice start date was some time in December 2003, but changed to December 10, 2003, which was the same date on the landowner's certification worksheet.

The additional information received from the district was a board letter dated July 6, 2004, indicating the contractor wrote the wrong date on the invoice; a new invoice with the June 5, 2004 start date; and a page from the contractor's calendar that had the landowner's name written in the June 5, 2004 date, but also had December 5, 2003 written in. On the calendar date there were 96 hours for the contractor for a total of \$7,680. The invoice included an additional 69 ½ hours for \$4,170 making the total \$11,850. On the request form signed by the landowner for an extension of time, the start date was April 21, 2004 and the technician's notes indicated that on a May 20, 2004 site visit, construction had started. The district indicated the contractor came to their office with an un-cashed check made out in the amount of \$11,850. The contractor said that he did not complete 59 of the hours shown on the invoice. In a

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letter dated July 13, 2004, the district board explained that the 59.5 hours were hours of work done by the landowner. The district has stated they are certain the practice could not have started prior to February 4, because they do not hand out the designs until after the board approves the application.

Bruce Longan, the District Technician, stated what happened was the landowner initially started the practice, but due to health reasons he contacted the contractor to finish the project. The contractor guessed at when the landowner had started. The commission was informed the contractor has worked with the district before, and he was aware of start dates. Due to trying to get the applications in on time, the December 10 date was missed. When the contractor was contacted, he checked his ledger book that showed he started on June 5<sup>th</sup>. The district then realized the landowner's time was also on the invoice. For a landowner to get an extension, the district has a form where the landowner has to verify the start date. On his form, he put April 21<sup>st</sup>, which was in the area of when he started.

Larry Furbeck asked when the landowner said he started, Mr. Longan stated April 21<sup>st</sup>. When asked if it was common practice for the landowner's bill to be included in the contractor's, Mr. Longan stated it was not. Mr. Furbeck asked if they billed at the county rate, and Mr. Longan said yes. When asked what an auditor would think about this kind of a situation, Harry Bozoian said it was very irregular. Mr. Bozoian asked if the claim was within the cost estimates, and Mr. Longan said yes. According to Mr. Redden, the original cost estimate was seven cents more than what was charged.

Larry Furbeck made a motion to provide a variance to the commission's rule that the board cannot approve an application for a practice already started and approve the board's request. John Aylward seconded the motion. Philip Luebbering asked if this would provide a variance for the billing, Sarah Fast stated that if the commission was providing a variance it would be for all mistakes. When asked by the chair, John Aylward, Larry Furbeck, Leon Kreisler, Philip Luebbering, and Elizabeth Brown voted in favor of the motion and the motion carried unanimously.

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### **2. New Madrid SWCD – Practice Started Prior to Board Approval**

Joyce Luebbering presented a request from New Madrid SWCD for the commission to provide cost-share assistance on a Sediment Retention Control Structure (DWP-1) when the practice was started prior to board approval.

State cost-share rule states, “The district board cannot approve an application if construction or implementation of the practice has begun”.

On June 22, 2004, both the landowner and the board of supervisors signed the application. In a letter dated July 12, 2004, the board stated the landowner was given the design on June 15, 2004, which was prior to approval. This was done so he could order the pipe and have it available to install once the application was approved. June 15th was the date the pipe and water box were purchased, and the riser was fabricated.

The Cost-share Handbook states, “a practice has been started when the required components of the practice have been applied or fabricated to the extent they cannot be returned to the vendor for a complete refund.”

Larry Furbeck made a motion to approve the board’s request and direct staff to write the board and indicate that they must stop making designs available prior to board approval, with funds coming from FY05 allocations. Leon Kreisler seconded the motion. When asked by the chair, John Aylward, Larry Furbeck, Leon Kreisler, Philip Luebbering, and Elizabeth Brown voted in favor of the motion and the motion carried unanimously.

## **G. APPEALS (continued)**

### **1. Cost-share**

#### **a. Stoddard SWCD – Practice Started Prior to Board Approval**

Niki Aberle presented a request from the Stoddard SWCD for payment for a Sediment Retention Control Structure (DWP-1) that was started prior to board approval. The claim was in the amount of \$649.50.

Commission rule states, “Landowners who start a practice before receiving official notification of the approval from the board are not



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eligible to receive cost-share and cannot be approved for a cost-share payment.”

In a letter from the board, they state they signed and approved the application on March 22, 2004, but the landowner purchased the pipe and had it fabricated on March 17, 2004. The letter also stated that the new district clerk was under the impression that if the landowner and the district conservationist signed the application, the board would automatically approve it so the practice could be started before the board signed. The board stated in the letter, the new district clerk received training from the program office on March 31, 2004, and understood the designs are not to be released until the board approves the application.

Jim Stuever, Vice-Chairman for Stoddard SWCD, stated the district has always made it a point to try and follow rules. He informed the commission that the landowner had never done one of these practices before.

John Aylward made a motion to approve the board’s request and direct program staff to write the board and indicate that they must stop making designs available prior to board approval. Philip Luebbering seconded the motion. When asked by the chair, John Aylward, Larry Furbeck, Leon Kreisler, Philip Luebbering, and Elizabeth Brown voted in favor of the motion and the motion carried unanimously.

### **H. REQUESTS (continued)**

#### **a. Special Area Land Treatment (SALT)**

##### **1. Stoddard SWCD – Change SALT Project Selection Process**

Gary Baclesse presented a request from Stoddard SWCD to change the SALT project selection process.

Mr. Baclesse reviewed the Summary of AgNPS SALT Progress that was presented to the commission. The summary showed the districts where the projects were located, the name of the project, project length, and the start and finish date. Another item in the summary was the progress completed as of December 31, 2003. It was noted the last reporting period ended on June 30, 2004, and this information would be provided to the commission.

The commission approved 64 projects in the state, seven of the 64 have been completed successfully and one was cancelled. The remaining are

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active projects. Current commission policy limits districts to no more than two active projects at one time.

Stoddard SWCD was approved for the Cypress Ditch pilot project in July of 1997 and it ended on June 30, 2004. In the third call, Stoddard was approved for another project that will end July 1, 2007.

According to a map provided to the commission, the Bootheel region of the state has three active projects and one completed. The projects are located in each of the land resources areas (LRA). It was noted that the eastern half of the Ozark area had not received a SALT project.

Mr. Baclesse informed the commission that the program has had six calls and it is currently in the seventh and final call under the current tax. The seventh call was issued and the guidelines had been laid out in a memorandum announcing the call to the districts. It was noted there would be enough funding to approve approximately seven to eight projects out of an estimated 30 for the seventh call.

A concern raised in the letter was that comments were re-written by DNR staff and that there was a lack of understanding about the natural resources, agricultural techniques used, and geography in the Bootheel region of the state. The comments the district received, was a summarization of the comments by the review group. By summarizing the comments, staff avoids sending mixed messages to the district. Some of the comments made by the committee were not made by staff, but yet are put down as comments if the technical review group raises them.

In the letter it was requested the commission evaluate the membership of the review committee. The district believes the review committee should represent the four different regions in the state and possibly have commission members present during the review of the proposals. It was noted there has been and continues to be an open invitation to commissioners to sit in on the review process and that committee members could take up to 120 hours to thoroughly review 30 applications before the interviews are conducted.

The review process begins with the thorough review of each proposal. The review committee is then provided with an "AgNPS SALT Final Application Criteria Sheet" to complete on each of the final watershed applications. This sheet is comprehensive and gives the committee members the same basis for the judgements they make on each key

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element on the application. The ranking of the projects points out the best watershed projects as rated by the review committee. The review group members have statewide expertise on water quality issues in their designated agency. It was noted that the review committee was being surveyed to see what suggestions they have on the project selection process.

In the letter the district suggested that the seventh call proposals, which is the final call to be made for SALT projects until the renewal of the sale tax, be ranked on a regional basis and be funded similar to the system used by USDA, NRCS to fund EQIP. The USDA NRCS EQIP started providing funds to large high priority watershed areas. The 2002 Farm Bill changed the watershed requirements for EQIP and according to NRCS, there are no states using the watershed area as a basis for EQIP funding because of the administrative problems that would be associated with allocating funds based on an eight digit HUC or watershed basis. EQIP changed its regions or areas and allocation procedure each year since it began and now, in federal FY04 an equal amount of EQIP funding has gone to each county much like the state geographic allocation portion of the cost-share program. According to the NRCS state office, there may or may not be changes in how EQIP funding is handled in federal FY05.

During 2003, the NRCS separated the state into four regions: the Glacial Till, the Ozark Highland, the Mississippi Delta, and the Cherokee Prairie. It is believed the district may be requesting this regional setup for allocating funds from the SALT Program. It was not clear in the board's letter if the district requested that the SALT funding be done on something other than a watershed basis. If the commission was to place the money out in the state on a regional or other basis, some of the questions that would need to be addressed were: How should the commission divide the available funds? How much should each area get? How will that be determined? Will there still be the same competitiveness that there currently is?

It was noted that the commission may wish to keep the state wide competitive process for the seventh call and make adjustments in the program in anticipation of sales tax renewal. The commission is currently working on the statewide plan for the renewal and this could provide important information for changes in the SALT Program. It was also noted that the commission was funding SWAT model research to determine how SALT funds should be spent and what is the most cost effective. One of the five watersheds where the SWAT model is

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evaluating the impact of Best Management Practices installed in the Jenkins Basin in Stoddard County.

Wally Smith, District Technician from Stoddard SWCD, read a letter from the board requesting a review of the AgNPS SALT process. Mr. Smith stated they would like for funding to be in all four of the areas of the state, and provided on specific watersheds.

In response to a question on funding in the four areas, Mr. Smith stated that NRCS recognizes four different land resource regions in the state and the board of supervisors requested that in the seventh and future calls that some funding be allocated in each one. Larry Furbeck stated that he could not see where all the regions were not being represented in funding according to a map with the watersheds shown. Mr. Smith stated the board was requesting funding in each area in each call. When asked about the percentage of area treated in the Bootheel, Mr. Smith stated he did not have that information available. Mr. Baclesse informed the commission that the numbers could be gathered and presented to them at the next meeting. When asked what the average number of applications received for each call, Mr. Baclesse stated it varies, but the number has been going up. Elizabeth Brown stated that since there was research going on to see about water quality they should wait until that information was received before making any changes. Philip Luebbering asked if the board was looking at equal amounts in each region or a percentage based on landmass, Mr. Smith stated he was not aware if a specific funding formula was mentioned at any board meeting and they would trust the commission and the program staff. Leon Kreisler stated the review committee needed to be objective in the evaluation process. Mr. Baclesse reiterated that the review committee was being surveyed and there was an open invitation for any commissioners that would like to sit in on the review committee. When asked if there were any university personnel in the delta area research center that could be called on, Ms. Fast stated David Baker gave her some names that could be contacted. Jim Stuever, Vice-chairman Stoddard SWCD, stated the SALT projects help them to control excess runoff. Mr. Stuever stated they thought there was a higher efficiency with a project in the delta area than in some of the other areas, because they are so intense and concentrated. When asked when the commission could expect a report from the research, Mr. Baclesse said it would probably be two years before the final report would be available.

Because the SALT Program is in the last call before the renewal of the sales tax, it was the consensus of the commission to continue with the

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current process and to wait for the information from the SWAT research and survey the districts before considering any changes to the SALT Program.

Harry Bozoian stated in regards to Moniteau request, it was his understanding that if a landowner does work on their own they are to submit a work checklist. He suggested finding out if the landowner had done that and if not, request the landowner provide the checklist or receipt as a condition for receiving payment.

Larry Furbeck made a motion to include the condition for payment. Philip Luebbering seconded the motion. When asked by the chair, John Aylward, Larry Furbeck, Leon Kreisler, Philip Luebbering, and Elizabeth Brown voted in favor of the motion and the motion carried unanimously.

### **2. District Assistance Section**

#### **a. Supervisor Appointments**

##### **1. Ralls SWCD**

John Forsyth presented a request from Ralls Soil and Water Conservation District to appoint Micah Lehenbauer to fill the unexpired term of Donald Griffin who passed away.

Philip Luebbering made a motion to approve the board's request. Larry Furbeck seconded the motion. When asked by the chair, John Aylward, Larry Furbeck, Leon Kreisler, Philip Luebbering, and Elizabeth Brown voted in favor of the motion and the motion carried unanimously.

#### **b. Miller SWCD – Second Budget Revision**

Jim Boschert presented a request from Miller SWCD to revise their budget a second time.

The district wanted to transfer \$1,621 from the management services grant to the administrative expenses grant. The funds were left in the management services grant due to the SALT planning grant that was allotted earlier in the fiscal year.

John Aylward made a motion to approve the request. Larry Furbeck seconded the motion. When asked by the chair, John Aylward, Larry Furbeck, Leon Kreisler, Philip Luebbering, and

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Elizabeth Brown voted in favor of the motion and the motion carried unanimously.

### **I. FOLLOW-UP**

#### **1. State Auditor's Recommendation to Require Cancelled Checks**

Ron Redden presented a follow-up on the June 6, 2003, audit from the Office of the State Auditor regarding cancelled checks. The finding of the audit was presented to the commission at the July 2003 and February 2004 meetings.

The commission's policy provides the landowner with a number of options to document cost, but does not require a cancelled check. In July of 2003, the commission heard the auditor's recommendation to require cost-share applicants submit copies of cancelled checks with the application to ensure the amount indicated on the invoice corresponded with the actual amount paid.

This recommendation was made due to the fact that when the auditor requested 24 landowners to submit copies of cancelled checks, only 15 landowners responded. One of the 15 that responded indicated they could not provide a cancelled check because they had bartered for the services even though the invoice was for \$11,498. A second landowner provided a cancelled check that was less than the amount indicated on the invoice.

At the request of the commission at a previous meeting, staff sent a survey to the districts asking how requiring cancelled checks would affect them. Out of the 114 districts, 99 districts responded back that they did not require cancelled checks. Of the 15 districts that did require checks, they were asked what dollar amount they require them on, and on what practices and/or components. The comments that were received from the 15 that did require cancelled checks were; the cancelled checks helped to ensure contractors were paid, helped prevent contractor from only charging the landowner the 75 percent cost-share amount, and helped provide proof as to how much the contractor was paid. The comments from the 99 that did not require cancelled checks were; banks do not return checks or they charge a fee, cancelled checks slow the process down, too much extra work/documentation, and they trusted the landowners and contractors.

The general observations of the survey were; of the 15 districts that required cancelled checks in FY05, 11 will require it only on earthwork or invoices that include earthwork, requiring cancelled checks does not require additional work or effort, but does require some additional management for the district, it is not believed that the requirement of cancelled checks will slow down the payment

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process, and the requirement helps avoid problems with fraudulent activity and insures funds are properly spent.

When asked about checks not being returned, Mr. Redden answered, of the districts that required cancelled checks they accept pictures of the cancelled checks, money orders, or cashier checks. He also stated the banks the districts work with faxes the district a copy of the cancelled check. Larry Furbeck stated if checks were required districts would have to be notified, and Mr. Redden stated a time period would be needed. Elizabeth Brown felt the cancelled check requirement was good. When asked what the cost of a cashier check would be if a landowner were to use them, Mr. Redden stated he called a bank for the cost of one for \$5,000 and he was told it was less than \$1.00. Leon Kreisler asked if there had been problems with the way it is currently done, Mr. Redden answered that the auditor had made the recommendation three times in audits. Mr. Redden stated there had been one district that the commission requires providing original invoices and cancelled checks. Sarah Fast restated to the commission that on this last audit, the state auditor called a landowner to provide documentation showing the bills were paid and the auditor could not get the documentation. Bryan Fawks stated he was very surprised that this had not been done before, due to the amount of money that is spent by the program. When asked how EQIP handles their cost-share, Roger Hansen answered they do not require a cancelled check, they pay on the average cost.

Larry Furbeck made a motion to require landowners to submit cancelled checks for any invoice in excess of \$500. John Aylward seconded the motion. John Aylward stated that a time limit should be added. Mr. Redden stated to indicate a date for any application approved after a certain date. When asked if more than one or two months would be needed for staff to educate the districts, Mr. Redden answered the boards would need the information for their meetings prior to when the requirement would be effective. Mr. Redden informed the commission that for landowners that do their own work, the landowner would put the reasonable cost on the worksheet. Steve Oetting stated that before the districts could submit their cost-share claims they would have to have the cancelled check. Mr. Oetting asked what affect this would have in June, Mr. Redden answered, that there are districts that currently require the cancelled checks, and still claim everything. When asked about time extensions and the requirement for the cancelled check, Mr. Redden answered that for the districts that require cancelled checks the landowner is required to send it in with the invoice so that the board has all the documentation. When asked about charges on a credit card, Mr. Redden answered the credit card receipt would work. Ms. Fast informed the commission that a suggestion was made to wait until after the training conference. Mr. Luebbering agreed that was a good time for training on the new requirement.

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Philip Luebbering made a motion to amend the motion to add the termination date of January 1, 2005. Leon Kreisler seconded the amendment. When asked by the chair, John Aylward, Larry Furbeck, Leon Kreisler, Philip Luebbering, and Elizabeth Brown voted in favor of the motion for the amendment and the motion carried unanimously.

Wendy Bowen, Caldwell SWCD, stated they do require cancelled checks on earthwork. She felt the board in each county should make the decision as to require or not require cancelled checks. Larry Furbeck asked if they have trouble closing out the year, Ms. Bowen answered no, because they give the landowner a form that tells them what is required when they sign their application.

Ms. Fast restated the motion before the commission was to require landowner to submit cancelled check for any invoice in excess of \$500, with the start date of January 1, 2005 on applications. When asked by the chair John Aylward, Larry Furbeck, Leon Kreisler, Philip Luebbering, and Elizabeth Brown voted in favor of the motion and the motion carried unanimously.

### **J. NRCS REPORT**

Roger Hansen reported to the commission on three items. The NRI numbers for Missouri on soil erosion were still being worked on due to a statistical reliability of state level data. What NRCS is working on getting a 20-year trend showing every five-years starting before the parks and soils tax began what the erosion rate was then and every five years after.

The inspection requirements for large dams built in Missouri have been increased where NRCS provides technical assistance. Any structure that costs more than \$15,000 will receive oversight from the area engineer, if it is more than \$20,000 it will be referred to the state engineer for review of the design and other requirements. On dams \$15,000 and above NRCS will inspect the core trench before it is filled. This will affect approximately 100 out of the 1,000+ dams annually constructed in the state.

There was nearly \$25,600,000 requested in EQIP (Environmental Quality Incentives Program) applications and \$17,745,990 was allocated. The kinds of farms assisted were new farmers at \$1,033,630, limited resource farmers received \$1,627,125, and the non-limited resource farmers received \$15,085,236. The average contract price was \$12,341 for EQIP. Out of the 1,438 contracts for EQIP, there were 529 for water quality, 180 for buffers, 443 for grazing systems, 749 for nutrient management, 554 for pest management, and 307 for soil erosion on cropland.



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For livestock applications 831 were received and 674 were funded for a total of \$12,105,628. For animal waste storage facilities 198 were received and 187 were funded for a total of \$5,506,589. Mr. Hansen stated they are expecting another \$500,000 from headquarters and if it is received they should be able to fund the remaining animal waste operations.

### **K. MASWCD REPORT**

Steve Oetting reported that MASWCD met on July 20, 2004, at which time they discussed the up coming area meetings in August. At the end of June they met at Farm Bureau to lay the groundwork for the soil tax renewal. Another meeting for this is scheduled for the end of July in Osage Beach, where there will be a tour of one of the state parks. They also formed a Soils Tax Panel, with the members being; Jeff Otto, Steve Hopper, and Eli Mast. At the meeting on July 20, they also discussed talking to NRCS about a grant for training for district managers to receive additional training on some of the federal programs. They would also like to include the extension personnel, to update their role, as they are also on the board of supervisors.

Mr. Oetting along with Peggy Lemons, and Eli Mast attended the NACD North Central Region meeting in Springfield, Illinois. The North Central Region consists of eight states. While attending meetings it was realized that a lot of the issues the other states were having, Missouri had already covered.

All eight states in the region have soil conservation practice cost-share programs, with Missouri investing the most at \$24,361,382, Wisconsin is in second place with \$13,722,553, and last place is Ohio with \$330,000.

### **L. LEGISLATIVE REPORT**

Bill Wilson presented an update on state legislation. Mr. Wilson reviewed a handout, which outlined the status of the state legislation for this year, that the commission had expressed interest in. Mr. Wilson reviewed the following bills that were approved by the Legislature and Governor: Senate Bill 1020 which revises sections of the Sunshine Law, HB 980 requires a regulatory impact report for certain environmental rulemaking processes, and HB 1006 and 1021 appropriates money for the Department of Natural Resources, House Bill 1126 changes the voting procedures for the detachment of a watershed district, House Bill 1433 creates the White River Basin Watershed Improvement District.

No action was taken by the Legislature on the following bills: Senate Joint Resolution 49 modifies the Constitution, upon voter approval, by adding language that would resubmit the Parks and Soils Sales Tax to a vote of the people every ten years starting in 2008.

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Senate Bill 949 authorizes the Administrative Hearing Commission to conduct appeals on environmental issues.

House Bill 1177, which proposed modifying various provisions relating to concentrated animal feeding operations, was approved by the Legislature, but vetoed by the Governor.

### **M. STAFF REPORT**

The commission was provided a schedule for the 2004 Area Meetings that take place starting August 16, 2004, through August 26, 2004. There are eight locations across the state. Mr. Wilson reviewed the plans for the meetings and reported that a commissioner had committed to all the meetings except the Warrenton meeting, which is August 16. Mr. Wilson inquired if a commissioner was available to let staff know.

#### **1. Commission and Board Operating Policies**

Sarah Fast reviewed with the commissioners the Commission and Board Operating Policies. The Commissioner's Core Workgroup developed some standard operating procedures that they would like for each commission to look at and make specific to their commission. Ms. Fast reminded the commission that about a year ago, Larry Furbeck and Elizabeth Brown attended a meeting with the other commissioners. The Soil and Water Conservation District Commission was already following most of the recommendations. Ms. Fast stated there were a few items that the program would need commission advice on.

Ms. Fast called the commission's attention to a map of the United States indicating the status of the Soil Survey Geographic Database. The map showed that Missouri was the first to complete the process. Roger Hansen stated all the data from the survey was loaded into the data warehouse and was available on the web.

Ms. Fast announced the resignation of Sarah Popp who was the District Coordinator located in Kansas City.

### **N. DATE OF NEXT MEETINGS**

The date of the next commission meeting was set for Thursday, September 2, 2004, beginning at 8:30 am. at DNR Conference Center in the Bennett Springs/Roaring River room in Jefferson City, Missouri. The October meeting was tentatively scheduled for Thursday, October 14, 2004, in Jefferson City, Missouri.

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**O. ADJOURNMENT**

Larry Furbeck moved the meeting be adjourned. Philip Luebbering seconded the motion. Motion approved by consensus at 3:10 pm.

Respectfully submitted,

Sarah E. Fast, Director  
Soil and Water Conservation Program

Approved by:

Elizabeth Brown, Chairman  
Missouri Soil & Water Districts Commission

/tm